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STATE FOR EUR/AGS - SAINT-ANDRE

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TAGS: [PGOV](#) [PREL](#) [MARR](#) [AU](#)  
SUBJECT: AUSTRIAN ELECTION FOLLOW-UP: NEW PARLIAMENT  
MEETS, BUT CONSERVATIVES SUSPEND COALITION TALKS

REF: A. VIENNA 3022

[1](#)B. VIENNA 2941 AND PREVIOUS

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[1](#)1. (SBU) Summary: The new Austrian parliament met for the first time on October 30. As is traditional, the parliament voted members of the top three parties -- the Social Democratic Party (SPO), the People's Party (OVP) and the Greens -- to the three parliamentary leadership positions. Of considerably more interest was the decision of the SPO, Greens and the far-right Freedom Party (FPÖ) to vote for a parliamentary commission of enquiry into the Schuessel government's 2002 decision to purchase Eurofighters. The commission would also look into banking issues, including the relationship of Raiffeisen bank with the Russian-Ukrainian RosUkrEnergO consortium. The OVP had strongly objected to the idea of the commission; as a result of its formation, the party announced yesterday that it would break off coalition talks toward forming a government with the SPO. In the end, the SPO and OVP will probably have to come back to each other, but the political mood -- already sour -- is now considerably worse. End Summary.

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New Parliament Kicks Off Term ...  
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[1](#)2. (SBU) Austria's new parliament constituted itself on October 30. The members, who took their seats as a result of the October 1 national elections (ref b), chose their parliamentary leadership according to long-standing tradition. The Social Democratic Party (SPO), as the party with the most seats in parliament, took the slot as First Parliamentary President. Barbara Prammer, who has been Second Parliamentary President since 2004, is now in the senior job. The conservative People's Party (OVP), with the second-most seats, filled the Second Parliamentary President's slot with former party foreign policy expert Michael Spindelegger. The third-place Greens occupied the Third Parliamentary President's position with former deputy party leader Eva Glawischnig. The parliamentary leadership is supposed to play an almost non-partisan role in managing the body's business. The parliamentary presidents, and especially the First Parliamentary President, can also take on important functions on policy issues on which there is agreement across parties. For example, former First Parliamentary President Andras Khol managed the implementation of U.S.-Austrian agreements on Holocaust restitution.

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... and Kicks Out on Eurofighters and Banks ...

13. (SBU) Of more immediate political significance was another parliamentary action: the SPO, Greens and (somewhat surprisingly) the far-right Freedom Party (FPÖ) agreed to support the formation of a parliamentary committee of enquiry into the GoA's 2002 decision to purchase the Eurofighter as Austria's next-generation supersonic fighter aircraft. The SPO and Greens have long complained that the government had paid too much for too little. They have also charged that a large percentage of the offsets in the deal (economic benefits for Austrian companies, which were supposed to amount to 200 percent of the purchase price of over two billion Euros) existed on paper only, and did not really constitute new investment. Having called for so long for an investigation into the deal, many SPO and Green parliamentarians considered it natural that this be one of the first orders of business in the new parliament.

14. (SBU) Also of interest is the decision of the new parliament to include banking scandals to the areas of competence of the investigatory committee. This apparently includes an enquiry into public allegations that the Austrian banking giant Raiffeisen was working with possible representatives of organized crime in the context of its trusteeship over the Russian-Ukrainian energy consortium "RosUkrEnergo." However, this had not appeared as an issue during the September 2006 election campaign.

... So Conservatives Walk (for now)

15. (SBU) Chancellor Wolfgang Schuessel, the ÖVP's lead coalition negotiator, had warned that his party would

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consider the formation of a committee of enquiry to be a "breach of trust," and said he would not continue coalition negotiations with the SPO under these circumstances. Once the new parliament acted as it did, the ÖVP was in something of a corner. The ÖVP leadership held a crisis meeting on the evening of October 30. The lights blazed at ÖVP headquarters until the wee hours, when Schuessel emerged to announce that the ÖVP had decided to break off negotiations on a coalition government. SPO head Alfred Gusenbauer had a mandate to form a stable coalition, Schuessel said, and he could do it with the Greens and FPÖ.

16. (SBU) The SPO reacted with annoyance. Party Secretary General Norbert Darabos called for the resignation of Schuessel's caretaker government. However, Darabos said nonetheless that the SPO remained ready for further negotiations. Gusenbauer and his team went to their scheduled negotiating session -- but the ÖVP stood them up.

President Fischer Tries to Close the Gap

17. (SBU) Austrian President Heinz Fischer, who had given Gusenbauer the mandate to form a government, has worked actively to bring the SPO and ÖVP back to the table. Fischer has declared his view that the election results constituted a mandate for a Grand Coalition, and will continue to work toward this end.

The Far Right Flexes Muscle

18. (SBU) The FPÖ's role is interesting. Before the current FPÖ and Jörg Haider's "Alliance-Future-Austria" (BZÖ) split up, the "original" FPÖ had cooperated with the ÖVP in passing the Eurofighter deal in parliament. However, most of the FPÖ

personalities who supported the deal then jumped to the BZO. In this case, the FPO was able to take a stand on principle, and smack party "traitors" at the same time.

¶9. (SBU) The FPO and BZO together received almost 15 percent of the vote in the October 1 election. This is a good -- but not spectacular -- result for a portion of the political spectrum that reached a high-water mark of 27 percent in the 1999 election. Fears that immigration will cost Austrians jobs or will change Austrian culture, concerns about law and order, and the personal popularity of party leaders probably account for most of the two parties' support. More extreme views, however, undoubtedly motivate some FPO/BZO voters.

¶10. (SBU) The October 30 parliamentary action showed that the rightist parties do not represent a common front. Far from it: in the first major action of the new parliament, the two parties took opposite sides of the debate.

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Comment  
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¶11. (SBU) Schuessel and his party colleagues have a point: if the SPO is really working toward building a coalition government, which is essentially a matter of cementing a stable parliamentary majority, how could its first act in the new parliament be the formation of a competing coalition? Both Schuessel and Gusenbauer, however, have few options apart from each other. Schuessel knows that Gusenbauer cannot form a government with the FPO -- the SPO rank and file would never allow it. Schuessel is probably in a better position to form a coalition with the FPO than Gusenbauer is -- but now that the FPO has cooperated with the SPO in doing him wrong, could Schuessel really take that step?  
McCaw